

APPENDIX E

Life, Dependent Life, Accidental Death and Dismemberment, Supplemental Life and Short- and Long-Term Disability Plans

Contract No:	N84660
Effective Date:	July 1, 1995
Revised Effective Date:	July 1, 2002
Contract State of Issue:	Idaho

In return for the State of Idaho's application and payment of all premiums when due, subject to all terms of this contract, Principal Life Insurance Company (hereinafter called the Company) hereby agrees to provide State of Idaho the benefits of Contract No. N84660.

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Life, Dependent Life, Accidental Death and Dismemberment, and Short- and Long-Term Disability Plans

1. DEFINITIONS:

Active Status

An eligible Member who is in the employ of the State of Idaho; and the State of Idaho has the reasonable expectation that such employment will exceed five months in any 12 month period and twenty hours per week, or 84 hours per month, during the five month period.

Annual Salary

For a Certified Employee, Annual Salary Equals:

- a. Biweekly Payroll System
 - i. Full-time Employee: Annual salary equals the Certified Employee's hourly rate of pay as of the date of death or commencement of Total Disability or Residual Disability times 2080, rounded to the next higher \$1,000 if not a multiple of \$1,000.
 - ii. Part-time Employee: Annual salary equals the Certified Employee's hourly rate of pay as of the date of death or commencement of Total Disability or Residual Disability times 2080, times the actual Full-Time Equivalent Months worked, rounded to the next higher \$1,000 if not a multiple of \$1,000.
- b. Monthly Payroll System
 - i. Full-time Salaried Employee: Annual Salary equals the Certified Employee's Monthly Salary as of the date of death or commencement of Total Disability or Residual Disability times 12, rounded to the next higher \$1,000 if not a multiple of \$1,000.
 - ii. Full-time Hourly Employee: Annual Salary equals 173.3 times the Certified Employee's hourly rate of pay as of the date of death or commencement of Total Disability or Residual Disability times 12, rounded to the next higher \$1,000 if not a multiple of \$1,000.
 - iii. Part-time Employee: Annual Salary equals the Certified Employee's monthly rate of pay at the date of death or commencement of Total Disability or Residual Disability times 12, times the actual Full-Time Equivalent Hours worked, times the actual Full-Time Equivalent Months worked, rounded to the next higher \$1,000 if not a multiple of \$1,000.
- c. Annual Salary does not include overtime pay or bonuses.

Certified Employee

An officer or employee of an agency, department, or institution of the State of Idaho who is in Active Status.

Certified Official

An appointed or elected official of the State of Idaho who is in Active Status.

Certified Retired Employee

An individual who was formerly a Certified Employee or Certified Official and who retired in accordance with the retirement policies of the State of Idaho.

Dependent – For Dependent Life Insurance

An individual's legal spouse, and each of the individual's unmarried children (including stepchildren, legally adopted children and children under a court appointed guardianship) who relies on the individual for principal support and maintenance and who is at least 10 days but less than 19 years of age. Unmarried children between the ages of 19 and 23 who are eligible to be claimed by the Member as dependents for federal income tax purposes will continue to be covered.

No individual may be considered a Dependent of more than one Member under this contract.

Dependent – For the Short- and Long-Term Disability Plans

Dependent shall mean an individual's spouse and children, provided these persons qualify for benefits under the Federal Social Security Act as a result of the individuals Total Disability or Residual Disability.

Developmental Disability; Developmentally Disabled

A Dependent child's substantial handicap which:

- a. Results from mental retardation, cerebral palsy, epilepsy, or other neurological disorder; and
- b. Is diagnosed by a Physician as a permanent or long-term continuing condition.

Eligible Classes

Class	Description
A	All Certified Officials who are in Active Status and who are elected Members of Legislature.
B	All other Certified Officials, not included in Class A, and Certified Employees in Active Status except for those individuals included in Class C below.
C	All police officer members of the Idaho Department of Law Enforcement as defined in Section 59-1303(3) Idaho Code.
D	All Certified Retired Employees of the University of Idaho, Boise State University, Idaho State University, Lewis-Clark State College and Eastern Idaho Technical College.
E	All Certified Retired Employees of the Department of Employment.
F	All Retired Certified Officials who retired on or after January 1, 1975 and who were Idaho Supreme Court Justices or District Court Judges.
G	All retired Certified Officials who were judges of the Magistrate division or Court Administrators who retired on or after July 1, 1975, including any such judge who retired prior to July 1, 1975, and who is recalled to Active Status following July 1, 1975, as defined in Chapter 22, Title 1, of the Idaho Code.

Employer

Employer means the State of Idaho.

Essential Functions

Essential Functions means the functions which are normally required for the performance of an occupation, and which cannot be reasonably omitted or modified.

Full-Time Equivalent Hours

The percentage equal to hours worked per day divided by 8.

Full-Time Equivalent Months

The percentage equal to months worked per year divided by 12.

Hospital

An institution that is:

- a. Licensed as a hospital by the proper authority of the state in which it is located; and
- b. Recognized as a hospital by the Joint Commission on Accreditation of Healthcare Organizations;

But not including any institution, or part thereof, that is used primarily as a clinic, convalescent home, rest home, home for the aged, nursing home, custodial care facility, or training center.

Income Loss Percentage

The percent equal to:

- a. The Member's Monthly Salary less any Rehabilitative Employment earnings; divided by
- b. The Member's Monthly Salary.

Maximum Benefit Period

The maximum period of time, counted from the date the Member becomes Totally Disabled or Residually Disabled, for which benefits will be payable.

Member

Any Certified Employee, Certified Official, or Certified Retired Employee of the State of Idaho.

Mental Health Condition

Any condition which is:

- a. manifested by a psychiatric disturbance including, but not limited to, a biologically or chemically based disorder; and
- b. categorized in the current edition of American Psychiatric Associations Diagnostic and Statistical Manual of Mental Disorders.

Monthly Salary

For a Certified Employee, Monthly Salary equals:

- c. Biweekly Payroll System
 - i. Full-time Employee: Monthly Salary equals the Certified Employee's hourly rate of pay from the State of Idaho as of the date of commencement of Total Disability or Residual Disability times 2080, divided by 12.
 - ii. Part-time Employee: Monthly Salary equals the Certified Employee's hourly rate of pay from the State of Idaho as of the date of commencement of Total Disability or Residual

Disability times 2080, times the actual Full-Time Equivalent Hours worked, times the actual Full-Time Equivalent Months worked.

- d. Monthly Payroll System
 - i. Full-time Salaried Employee: Monthly Salary equals the Certified Employee's monthly rate of pay from the State of Idaho or other political subdivision as of the date of commencement of Total Disability or Residual Disability.
 - ii. Full-time Hourly Employee: Monthly Salary equals 173.3 times the Certified Employee's hourly rate of pay from the State of Idaho or other political subdivision as of the date of commencement of Total Disability or Residual Disability.
 - iii. Part-time Employee: Monthly Salary equals the Certified Employee's monthly rate of pay from the State of Idaho or other political subdivision as of the date of commencement of Total Disability or Residual Disability times the actual Full-Time Equivalent Hours, times the actual Full-Time Equivalent Months worked.
- e. Monthly Salary does not include overtime pay or bonuses.

Other Income Sources

These include the following:

- a. All Disability payments for the month that the Member and the Member's Dependents receive (or would have received if complete and timely application had been made) under the Federal Social Security Act, or any similar act of any federal, state, provincial, municipal or other government agency; and
- b. All retirement payments for the month that the Member and the Member's Dependents receive (or would have received if complete and timely application had been made) under the Federal Social Security Act, Railroad Retirement Act, or any similar act of any federal, state, provincial, municipal or other governmental agency; and
- c. All payments for the month that the Member receives on account of his disability under any workers' compensation, occupational disease or similar law including all permanent as well as temporary disability benefits; and
- d. All payments for the month that the Member receives (or would have received if timely application had been made) under a plan that provides benefits for loss time from work, if the State of Idaho pays a part of the cost or makes payroll deductions for that plan excluding any payments attributable to individual disability insurance policies; and
- e. All sick pay or salary continuance payments excluding any payments attributable to individual disability insurance policies for the month that the Member receives from the State of Idaho; and
- f. All retirement payments and all disability payments for the month that the Member receives under a pension plan sponsored by the State of Idaho. A pension plan is a defined benefit plan or defined contribution plan providing disability or retirement benefits for employees.
- g. All payments for the month that the Member receives for loss of income under no-fault auto laws. Supplemental disability benefits purchased under a no-fault auto law will not be counted; and
- h. Unemployment benefits; and
- i. Any disability income benefits for which the Member becomes eligible during a period of Rehabilitative Employment while working for an employer other than the State of Idaho.

Period of Limited Activity

Any period of time during which a person:

- a. Is confined in a Hospital or a Skilled Nursing Facility; or
- b. Whether confined or not, is unable to carry on the regular and usual activities of a healthy person of the same age and sex.

Physical Handicap; Physically Handicapped

A Dependent child's substantial physical or mental impairment which:

- a. Results from injury, accident, congenital defect, or sickness; and
- b. Is diagnosed by a Physician as a permanent or long term dysfunction or malformation of the body.

Physician

Physician means a medical practitioner of a healing art which is recognized by applicable state law, who:

- a. Is practicing within the scope of his or her license;
- b. Is certified or credentialed by the appropriate medical or professional board that provides certification or credentialing for practitioners who perform the type of treatment or service such practitioner is providing for your sickness or injury; and
- c. Possesses the necessary training and qualifications, according to generally accepted medical standards, to evaluate and treat your condition.

The term Physician does not include the Member, an employee of the Employer, anyone related to the Member by blood or marriage, or anyone living in the Member's household.

Plan Anniversary

July 1, 2001, and the same day of each following year.

Reasonable Employment Option

Reasonable Employment Option means an employment position;

- a. Paying 70% of the Member's Monthly Salary; and
- b. The Essential Functions of which we determine the Member is able to perform given his or her education, training and experience.

Regular and Appropriate Care

Regular and Appropriate Care means:

- a. The Member personally visits a Physician as often as medically required, according to generally accepted medical standards and consistent with the stated severity of the Member's medical condition, to effectively manage and treat the Member's sickness or injury;
- b. The Member is receiving care which:
 - i. conforms with generally accepted medical standards for treating the Member's sickness or injury; and
 - ii. is consistent with the stated severity of the Member's medical condition; and
 - iii. is rendered by a Physician whose specialty or experience is the most appropriate for the Member's sickness or injury according to generally accepted medical standards.

Regular Occupation

Regular Occupation means the activity which, immediately prior to the injury or start of the sickness for which the Member is receiving benefits under this plan:

- a. The Member was regularly performing; and
- b. Was the source of the Member's income from the Employer.

Report of Payments from Other Income Sources

When asked, a Member must give the Company a report of all payments from other Income Sources.

Residual Disability; Residually Disabled

A Member who is working on a limited or part-time basis and solely and directly because of sickness or injury:

- a. During the first 30 months, including the Waiting Period,:
 - i. is unable to perform the Essential Functions of the Member's Regular Occupation; and
 - ii. is unable to earn more than 70% of the Member's Monthly Salary; and
- b. after completing the first 30 months, including the Waiting Period,:
 - i. is unable to perform the Essential Functions of any occupation for which the Member is or may reasonably become qualified based on education, training or experience; and
 - ii. is unable to earn more than 60% of the Member's Monthly Salary.

Skilled Nursing Facility

An institution, or distinct partner thereof, that is licensed to provided skilled nursing care for persons recovering from sickness or injury and that:

- a. Is supervised on a full-time basis by a Physician or a graduated registered nurse; and
- b. Has transfer arrangements with one or more Hospitals, a utilization review plan, and operating policies developed and monitored by a professional group that includes at least one Physician; and
- c. Has an existing contract for the services of a Physician, maintains daily records on each patient, and is equipped to dispense and administer drugs, and
- d. Provides 24-hour nursing care and other medical treatment.

Not included are rest homes, homes for the aged, or places for treatment of mental disease, drug addiction or alcoholism.

Special Conditions

- a. Mental Health Conditions, **EXCEPT**:
 - i. schizophrenia; and
 - ii. dementia; and
 - iii. organic brain syndromes; and
 - iv. delirium; and
 - v. amnesia syndromes; and
 - vi. organic delusional or hallucinogenic syndromes.

- b. Musculoskeletal and connective tissue disorders of the neck and back including any disease or disorder of the cervical, thoracic and lumbosacral back and its surrounding soft tissue including sprains and strains of joints and adjacent muscles, **EXCEPT:**
 - i. arthritis; and
 - ii. ruptured intervertebral disc; and
 - iii. scoliosis; and
 - iv. spinal fractures; and
 - v. osteopathies; and
 - vi. spinal tumors, malignancy, or vascular malformations; and
 - vii. radiculopathies, documented by electromyogram; and
 - viii. spondylolisthesis, grade II or higher; and
 - ix. myelopathies and myelitis; and
 - x. demyelinating disease; and
 - xi. traumatic spinal cord necrosis; and
- c. thoracic outlet syndrome; and
- d. headaches (including, but not limited to, functional, migraine, organic, sinus, and tension); and
- e. chronic fatigue syndrome; and
- f. fibromyalgia; and
- g. temporomandibular joint (TMJ); and
- h. cumulative trauma disorder, overuse syndrome, or repetitive stress disorder including carpal tunnel syndrome and ulnar tunnel syndrome; and
- i. environmental allergies and Multiple Chemical Sensitivity (MCS); and
- j. alcohol, drug or chemical abuse, dependency, or addiction.

Total Disability; Totally Disabled

A Member who is not working for wage or profit and solely and directly because of sickness or injury:

- a. during the first 30 months of such Total Disability:
 - i. is unable to perform the Essential Functions of the Member's Regular Occupation; and
 - ii. is unable to earn more than 70% of the Member's Monthly Salary; and
- b. after completing the first 30 months of such Total Disability:
 - i. is unable to perform the Essential Functions of any occupation for which the Member is or may reasonably become qualified based on education, training or experience; and
 - ii. is unable to earn more than 60% of the Member's Monthly Salary.

Waiting Period

The period of time, counted from the date the Member becomes Totally Disabled or Residually Disabled, that must pass before any benefits become payable under this contract.

Written Rehabilitation Plan

A specific plan written by The Principal and approved by The Principal and the State of Idaho describing the rehabilitation requirements applicable for a Member.

ELIGIBILITY AND TERMINATION OF COVERAGE

2. Eligibility Date

The first day of the month next following the date the individual becomes employed in an Eligible Class, meets the definition of Certified Employee or Certified Official, and completes 90 days of employment.

3. Effective Date

Basic Life Coverage, Short-Term Disability Coverage, and Long-Term Disability Coverage shall become effective on the first of the month following the date the Member completes the 90-day employment period described in item 2. above.

Coverage for Supplemental Life and State Police Optional Life must be requested by the individual by filing a written application with the Company on a form furnished by the Company, and done so within 60 days of the individual's date of hire. When so requested, such coverage will become effective on the first of the month following the date the Member completes the 90-day employment period described in item 2. above.

There will be two exceptions:

- a. Insurance for employees rehired by the State within 12 months of the last date of employment with the State and who were eligible for insurance on the last State employment date will be effective on the first day of the month following the employee's date of rehire.
- b. Insurance for any individual who received a written guarantee of immediate coverage prior to June 1, 2002, as part of an offer of employment and accepted the offer of employment in writing prior to June 1, 2002, will be effective the first of the month following date of hire.

Members who lose Basic Life Insurance, Supplemental Life Insurance, or State Police Optional Life Insurance coverage due to a reduction in work hours, will have coverage reinstated on the first day of the month following the date of return to eligibility or Active Status.

Members who choose not to self-pay Basic Life Insurance premiums during periods of a leave of absence without pay, will have coverage reinstated on the first day of the month following the date of return to eligibility or Active Status.

Members who choose not to self-pay Supplemental Life Insurance or State Police Optional Life Insurance premiums during periods of a leave of absence without pay will be required to provide proof of good health in order to have coverage reinstated.

If the Member is not in Active Status on the date coverage under this contract would otherwise become effective, it will not become effective until the first date on which the Member returns to Active Status.

4. Proof of Good Health:

Proof of good health shall be required for all coverage for Members (a) if a Member's required application for Supplemental Life Insurance is dated after the prescribed enrollment period, or (b) if the Member re-applies for coverage following his/her request that such coverage be terminated, or (c) following his/her failure to make a contribution when due.

Proof of good health shall also be required for all coverage for a Member who again becomes eligible for coverage following the termination of his/her coverage under this contract, if such Member was issued an individual policy, under the conversion privilege of (i) this contract or (ii) any other group contract or policy issued by the Company to the State of Idaho, and said individual policy is still in force at the time.

5. Coverage for Individuals of the Idaho Army or Idaho Air National Guard:

In spite of any contract provisions to the contrary, Members who are on full-time active duty with the Idaho Army or Idaho National Guard shall not be excluded from coverage under this contract because of such occupation.

Furthermore, all exclusions under this contract with respect to service in such Army or Air National Guard shall be waived.

6. Change in Amount of Coverage:

Any change in coverage to which a Member is entitled under this contract because of an amendment to this contract, or a change in age, salary, or coverage class, will become effective on the date of such amendment or change in age, salary or coverage class, whichever is applicable, provided that if a Member is not in Active Status on the date an increase in coverage would otherwise become effective, such change will not become effective until the first date on which he returns to Active Status.

7. Duplicate/Replacement Coverage:

a. Duplicate Coverage:

An individual may not be covered under this contract in more than one coverage class at a time. In addition, an individual may not be covered simultaneously under this contract as both a Member and a Dependent.

b. Replacement Coverage:

When coverage under this contract replaces coverage under a Prior Plan within 60 days of discontinuance of the Prior Plan, coverage will apply to those Members and Dependents who:

- i. Are eligible and enrolled under this contract on its date of issue; and
- ii. Were covered under the Prior Plan on the date of its termination.

“Prior Plan” means the group plan of the State of Idaho that is terminated on the day before the date of issue of this contract.

8. Termination of Coverage:

The coverage of a Member under this contract will terminate on the earliest of the following:

- a. the date this contract terminates;
- b. the last day of the month in which the Member requests that such coverage be terminated;
- c. the last day of the month in which contributions are paid for such coverage;
- d. the date he ceases to be eligible for such coverage;
- e. the last day of the month if the Member’s employment terminates prior to the 15th of that month;
- f. the last day of the month following the month in which the Member’s employment terminates if such termination occurs on or after the 15th of that month;
- g. the date of termination of the Member’s Active Status, subject to c., d., e., and f. above.

Any termination of coverage in accordance with this section shall be without prejudice to any claim originating prior to the effective date of such termination.

If a Member is pregnant on the date Short-Term Disability insurance and Long-Term Disability Coverage terminate due to termination of this contract, and such coverage is not replaced by like coverage under any other group policy issued by any insurer within a period of sixty days following such termination, the Member shall be entitled to whatever benefits would have been payable in connection with such pregnancy had such coverage not terminated. Such benefits will be payable for a period not to exceed twelve months following the date of such termination.

9. Extension of Insurance:

If termination of a Member’s Active Status is due to Total Disability or Residual Disability, as defined in the Definitions Section (Item 1), insurance may be continued for all amounts of individual Life Insurance as specified in the “Extension of Life Insurance” provision in the Life Insurance section of this contract (Item 14).

If termination of a Member’s Active Status is due to leave of absence as may be certified by the State of Idaho, insurance may be continued during such leave of absence until premium payments are discontinued for such insurance, but not beyond:

- a. with respect to all Life Insurance, Accidental Death and Dismemberment Insurance and Dependent Life Insurance:
 - i. 12 months with respect to Members on approved educational or sabbatical leave without pay;
 - ii. 6 months with respect to all other Members; and
- b. with respect to all other insurance – 30 days.

All matters concerning leaves of absence shall be governed in accordance with Rule 25, "Special Leaves" of the Consolidated Statutes and Rules and Regulations of the Idaho Personnel Commission.

Any continuation of insurance under this contract beyond the date of termination of Active Status shall be on a basis precluding individual selection, and all premiums payable during such continuation shall be paid by or through the State of Idaho.

10. Claim Filing Procedures:

a. Notice of Claim:

Written notice of claim must be given to the Company within 20 days (3 months for LTD) after the date of loss for which claim is being made. Failure to give notice within the time specified will not invalidate or reduce any claim if notice is given as soon as reasonably possible.

b. Claim Forms:

Claim forms and other information needed to provide proof of loss must be filed with the Company in order to obtain payment of benefits. The Employer will provide appropriate claim forms to assist you in filing claims. If the forms are not provided within 15 days after the Company receive notice of claim, you will be considered to have complied with the requirements of the Group Policy regarding proof of loss upon submitting, within the time specified below for filing proof of loss, written proof covering the occurrence, character and extent of the loss.

c. Proof of Loss:

For Life Insurance

Claim forms and other information needed to prove loss should be filed promptly. Written proof of loss should be sent to the Company within 90 days after the date of loss. Proof required includes the date, nature, and extent of the loss. The Company may request additional information to substantiate your loss or require a signed unaltered authorization to obtain that information from the provider. Your failure to comply with such request could result in declination of the claim. Receipt of claim will be considered to be met when the appropriate claim form is received by the Company.

For STD and LTD Insurance

Claim forms and other information needed to prove loss should be filed promptly. Written proof of loss should be sent to the Company within 90 days after you complete your Waiting Period. (For Long Term Disability Insurance, written proof that Disability exists and has been continuous must be sent to the Company within six months after you complete your Waiting Period.) Proof required includes the date, nature, and extent of the loss. The Company may request additional information to substantiate your loss or require a signed unaltered authorization to obtain that information from the provider. Your failure to comply with such request could result in declination of the claim. Receipt of claim will be considered to be met

when the Waiting Period has been completed and the appropriate claim form is received by the Company.

d. **Payment, Denial, and Review:**

The Company is allowed up to 45 days from receipt of claim for processing the claim. If a claim cannot be processed due to incomplete information, the Company will send a written explanation prior to the expiration of the 45 days. A claimant is then allowed up to 45 days to provide all additional information requested. The Company are permitted two 30-day extensions for processing an incomplete claim. Written notification will be sent to a claimant regarding the extension.

In actual practice, benefits will be payable sooner, provided the Company receives complete and proper proof of loss. Furthermore, if a claim is not payable or cannot be processed, the Company will submit a detailed explanation of the basis for the Company's denial.

A claimant may request an appeal of a claim denial by written request to the Company within 180 days of receipt of notice of the denial. The Company will make a full and fair review of the claim. The Company may require additional information to make the review. The Company will notify a claimant in writing of the appeal decision within 45 days after receipt of the appeal request. If the appeal cannot be processed within the 45-day period because the Company did not receive the requested additional information, the Company is permitted a 45-day extension for the review. Written notification will be sent to a claimant regarding the extension. After exhaustion of the formal appeal process, the claimant may request an additional appeal. However, this appeal is voluntary and does not need to be filed before asserting rights to legal action.

For purposes of this section, for Life insurance policies, "claimant" means you, your Dependent or beneficiary. For STD and LTD insurance policies, "claimant" means you.

e. **Legal Action:**

Legal action with respect to a claim may not be started earlier than 90 days after proof of loss is filed and before the appeal procedures have been exhausted. Further, no legal action may be started later than three years after proof is required to be filed.

11. Life Insurance – Member Only:

Benefit: Basic Life – State Paid Insurance

Insurance

Class

Amount of Life Insurance

A

\$20,000

B

100% of Annual Salary, but not less than \$20,000

C

100% of Annual Salary, but not less than \$20,000

D

100% of Annual Salary as of the day preceding retirement

E	50% of Annual Salary as of the day preceding retirement, not to exceed \$5,000 of Insurance
F	100% of current Annual Salary of the Office from which he retired
G	100% of current Annual Salary of the Office from which he retired

The amount of Life Insurance shown above for Classes A, B, and C will be reduced to 75% of the Amount of Life Insurance in force on and after the date the Member attains age 70, and will be reduced to 50% of the Amount of Life Insurance in force on and after the date the Member attains age 75. The Amount of Life Insurance for Classes D, F, and G will be reduced by 25% on and after the date the Member attains age 65, and will be reduced to 50% on and after the date the Member attains age 70.

Accelerated Benefits – Basic Life Insurance Only

The Company will pay Accelerated Benefits to a Member who Meets the Requirements while insured for Basic Life Insurance under this contract. Application must be made while the Member is insured for Basic Life Insurance under this contract.

“Meets the Requirements” means the Member’s life span is drastically limited, the Member is expected to die within twelve months and the Member is not expected to recover. Certification of these conditions must be made by a Physician and accepted by the Company.

Accelerated Benefits will not be payable if:

- a. the Member’s Life Insurance has been assigned as permitted under this contract; or
- b. the amount of the Member’s Basic Life Insurance is less than \$20,000.

The Accelerated Benefit Option is not available to retired Members.

The amount of Accelerated Benefits payable is:

- a. up to 50% of the Member’s Basic Life Insurance;
- b. determined as of the date the Company accepts certification that the Member Meets the Requirements;
- c. no more than \$100,000; and
- d. no less than \$10,000.

Accelerated Benefits are payable only once and only if the Member is living when payment is made.

The Member’s Basic Life Insurance and the amount available for conversion to an individual policy of life insurance under “CONVERSION PRIVILEGE” (Item 13) will be reduced by the amount of the Accelerated Benefits paid, as well as the accumulated interest charges.

Accumulated interest charges will:

- a. be calculated by applying a daily rate (equivalent to 8% per year) to the amount of the Accelerated Benefit payment; and
- b. be limited to a total of not more than 16% of the amount of the Accelerated Benefit payment.

Benefit: Police Officer Optional Life – Half State Paid, Half Member Paid

Insurance	
Class	Amount of Life Insurance
A, B, D, E, F, G	No Coverage
C	\$50,000

Benefit: Supplemental Life – Member Paid

Insurance	
Class	Amount of Life Insurance
A	\$10,000
B	100% of Annual Salary
C	100% of Annual Salary
D, E, F, G	No Coverage

Note: If death occurs within two years after the effective date of this Supplemental Life coverage and is due to suicide or self-destruction while sane or insane, benefits will not be payable.

12. Payments to Beneficiary:

Upon receipt by the Company of notice and due proof that a Member's death occurred while insured under this contract, the Company will pay the Amount of Life Insurance in force at the date of his/her death to his/her beneficiary.

The beneficiary of the Member shall be the person or persons to whom benefits are payable under this contract upon the death of the Member. A Member will name such beneficiary, by executing and filing a written designation to that effect on a form satisfactory to the Company. The designation will be effective as of the date it was recorded by the State of Idaho, by any payment made by the Company prior to receipt of such designation shall not be contested, and fully discharges the named Company to the extent of such payment. The right to change a named beneficiary is reserved to the Member, and the consent of any beneficiary shall not be required for any change in beneficiary.

If a Member is insured on July 1, 1995, and this insurance replaces insurance in force on the day immediately prior to July 1, 1995, the beneficiary named in such replaced insurance and recorded by the State of Idaho or the Company will be the beneficiary under this contract until a new beneficiary is named.

If any beneficiary dies either simultaneously with the Member or within 15 days (but not before the date the Company receives written proof of the Member's death) after the Member's death,

payment of benefits shall be made as if the Member had survived such beneficiary, unless otherwise provided.

If a Member does not designate a beneficiary, or if all of his designated beneficiaries die prior to the Member, any benefits payable under this contract upon the Member's death will be paid first to the surviving class of the following classes of successive beneficiaries. The Member's:

- a. widow or widowers;
- b. surviving children born to or legally adopted by the Member;
- c. surviving parents;
- d. surviving brothers and sisters;
- e. executor or administrators.

An affidavit, signed by any individual of the first surviving class described above, stating the names and addresses of all individuals of such classes shall be sufficient proof to the Company that the person or persons so named therein are the sole surviving members of such class. Payment by the Company based upon such an affidavit shall fully discharge the Company's liability under the contract.

In the event there is no designated beneficiary, the Company may pay at its option a part of the life sum not exceeding \$500 to any person appearing to be equitably entitled by reason of having incurred funeral or other expenses due to the last illness or death of the Member insured.

Benefits for loss of life payable to any minor will be paid to the legally appointed guardian of such minor's estate or if there is not such guardian, the Company may, at its own option, pay to such adult or adults as have assumed legal custody and principal support of such minor. If a beneficiary is a minor or otherwise incapable of giving a valid release for any payment due, the Company may, at its option and until claim is made by a legally appointed guardian of the estate of such beneficiary at a rate not exceeding \$200 per month to any relative by blood or marriage of such beneficiary, or any other person or institution appearing to have assumed the custody and principal support of such beneficiary.

Any payment made by the Company in accordance with these provisions shall fully discharge the Company to the extent of such payment.

Arrangements may be made with the Company whereby the amount of Life Insurance payable at the death of the Member will be retained by the Company and paid to the beneficiary in an interest-bearing draft account instead of in one lump sum.

The interest-bearing draft account balance will be available to the beneficiary at anytime, in total or in part, subject to the following terms:

- a. withdrawals must be made by draft furnished by the Company; and
- b. the draft amount must be at least \$500, not to exceed the account balance; and
- c. if the account balance falls below \$2,000, the balance will be paid to the beneficiary in a lump sum; and
- d. the account cannot be assigned or used as collateral.

This account will not be available if the Amount of Life Insurance payable is \$5,000 or less; or if the beneficiary is anything other than a natural person.

13. Conversion Privilege:

If Life Insurance of any Member, or any portion of it, ceases because of termination of employment or membership in the Insurance Classes eligible for coverage, shall the Member be entitled to have issued to him by the Company, without proof of good health, an individual policy of life insurance without disability or other supplementary benefits, provided application is made, and the first premium is paid to the Company within 91 days after such cessation of insurance and provided that:

- a. the individual policy shall, at the option of the Member, be on any one of the forms, except term insurance, then customarily issued by the Company at the age, class of risk, and for the amount applied for;
- b. the individual policy shall be in an amount not in excess of the Amount of Life Insurance which ceases because of such termination less the amount of any life insurance purchased earlier under this contract and less any Accelerated Benefit payment and accumulated interest charges; and
- c. the premium on the individual policy shall be at the Company's then customary rate applicable to the form and amount of the individual policy, to the class of risk to which the member belongs, and to his/her age as of the effective date of the individual policy.

If this contract terminates or is amended so as to terminate the Life Insurance of any Insurance Class, every Member hereunder at the date of such termination whose Life Insurance terminates, and who has been so insured for at least five years prior to such termination date, shall be entitled to have issued to him by the Company an individual policy of life insurance, subject to the same conditions and limitations that are described in this section, except that the amount of such individual policy shall not exceed the smaller of:

- a. The amount of the Member's Life Insurance ceasing because of the termination or amendment of this Contract, less the amount of life insurance for which the Member is or becomes eligible under any group life insurance policy or contract issued or reinstated by the Company or any other insurer within 31 days after such termination, or
- b. \$2,000.

An individual policy issued under the provisions of this section shall take effect on the 92nd day immediately following the Member's Life Insurance termination date, provided premium payment has been made within that 91-day period. The individual policy will be in lieu of all Life Insurance described by this contract.

The State of Idaho shall give notice to any Member who is entitled to have an individual policy issued to him in accordance with this section of the existence of this right prior to expiration of such right, or as soon as reasonably possible thereafter. Written notice presented to the Member

or mailed to the last known address of the Member shall constitute satisfactory notice for the purposes of this paragraph.

If a Member's death occurs during the 91-day period after cessation of insurance under this contract and before the group replacement policy, if any, becomes effective, the amount of Life Insurance the Member would have been entitled to have issued under an individual policy shall be payable under this contract whether or not application for such individual policy or payment of the first premium therefore has been made to the Company.

14. Extension of Life Insurance:

Subject to all the conditions and limitations of this section, if a Member becomes Totally Disabled or Residually Disabled while insured, Life Insurance for that Member will be extended as long as the Member is receiving a Long Term Disability or Short Term Disability benefit under this contract. The extension of insurance will terminate subject to the termination provisions in Items 29 and 36. The extension of benefits will be as follows:

- a. For each Member who became Totally Disabled before reaching age 60 and prior to July 1, 1979, insurance will be extended during continuance of such Total Disability and will be reduced by 50% on the date the Member attains age 65.
- b. For each Member who became Totally Disabled before reaching age 60 and on or after July 1, 1979, but prior to September 1, 1979, insurance will be extended during the continuance of such Total Disability until the date the Member reaches age 70.
- c. For each Member who became Totally Disabled or Residually Disabled before reaching age 60 and on or after September 1, 1979, insurance will be extended until the date the continuance of such Total Disability or Residual Disability until the date the member reaches age 65.
- d. For each Member who becomes Totally Disabled or Residually Disabled at age 60 or older and on or after January 1, 1979, insurance will be extended during the continuance of such Total Disability or Residual Disability until the earlier of (i) 5 years of continued Total Disability or Residual Disability, or (ii) the date the Member reaches age 70.
- e. For each Member who becomes Totally Disabled or Residually Disabled prior to age 70 and on or after July 1, 1985, life insurance will be extended during the continuance of such Total Disability or Residual Disability until the date the Member reaches age 70.
- f. For each Member who becomes Totally Disabled or Residually Disabled between the ages of 70 and 75, and on or after July 1, 1987, insurance will be extended during the continuance of such Total Disability or Residual Disability not to exceed eighteen (18) months.
- g. For each Member who becomes Totally Disabled or Residually Disabled at age 75 or older, and on or after July 1, 1987, insurance will be extended during the continuance of such Total Disability or Residual Disability not to exceed twelve (12) months.

Insurance will be extended:

- a. with respect to Basic Life Insurance, without premium payment during the first six month period of Total Disability or Residual Disability, and thereafter, with premium payments by the State of Idaho, during the continuance of such Total Disability or Residual Disability until premium payments are discontinued for such insurance; and

- b. with respect to Supplemental Life Insurance and Police Officer Optional Life Insurance, with premium payments by the Member during the first six month period of Total Disability or Residual Disability and thereafter, without premium payments during the continuance of such Total Disability or Residual Disability.

All premiums for this Extension of Insurance must be remitted to the Company through the State of Idaho on a timely basis.

Initial written proof that such Total Disability or Residual Disability exists and has continued uninterruptedly must be furnished to the Company within 1 year after the date such Total Disability or Residual Disability began, but not before such Total Disability or Residual Disability has continued uninterrupted for at least 6 months. Proof of continuance of such Total Disability or Residual Disability must be resubmitted to the Company each year within the 3 month period immediately preceding the anniversary date that such Total Disability or Residual Disability qualified for this continuation of Life Insurance under this provision.

The Company shall have the right and opportunity to have the Member examined by a Physician at any time during the first 2 years after receipt of notice of Total Disability or Residual Disability, and not more than once a year thereafter.

The Amount of Life Insurance, which will be extended for any Member, shall be the amount which was in force on the date of Total Disability or Residual Disability.

Should a Member's Life Insurance be continued during Total Disability, Residual Disability, or approved leave of absence, the Amount of Life Insurance shall be the amount for which the Member was insured on the last day of Active Status, except that if the provisions of this contract provide a reduction in the Amount of Life Insurance on a specified, age, Plan Anniversary, or at any other specified time, the Amount of Life Insurance shall be reduced accordingly.

If the Member has furnished proof of Total Disability or Residual Disability but in any event again becomes able to perform some work or engage in some occupation for remuneration or profit, or if the Member refuses to be examined as provided above, or fails to furnish proof of continuance of Total Disability or Residual Disability within the time limit, the Life Insurance extended shall immediately terminate. The Member shall then be entitled to the rights and benefits contained in the "CONVERSION PRIVILEGE" provisions above (item 13), as if termination of the Member's Active Status under this contract during such period, and is again insured for Life Insurance.

Written notice of the death of a Member whose Life Insurance has been extended must be given to the Company within 1 year of the date of death. If such notice is not given within the time limit, the Company will not be liable under this contract for any payment on account of such death.

15. Application for Supplemental Life Insurance:

Only Members from the Eligible Classes listed in the Summary of Benefits (item 11) may apply for Supplemental Life Insurance.

Contributions from Members are required for Supplemental Life Insurance and as may be specified for insurance provided by continuance of insurance provisions under this contract.

Each Member who is insured for Supplemental Life Insurance will be granted a grace period of 31 days from the premium due date for the payment of every premium after the first, and that insurance will remain in force during such period. If the premium is not paid by the end of such period, that Member's Supplemental Life Insurance will terminate and the Member will be required to pay the premium for the period the insurance remained in force.

16. Accidental Death and Dismemberment Insurance – Member Only:

Benefit: State Paid

Insurance Class	Amount of Principal Sum
B,C	100% of Annual Salary
A,D,E,F,G	No Coverage

The Amount of Principal Sum will be reduced 25% on and after the date the Member attains age 70 and will be reduced 50% on and after the Member attains age 75.

17. Payment of Benefits:

Subject to the terms and limitations of this section, if a Member, while insured for Accidental Death and Dismemberment Insurance, suffers any one of the losses specified in the following Schedule of Losses due to injury resulting from external, violent, and accidental means, the Company will pay, upon receipt of notice and due proof as required by this contract, the benefit shown in the schedule below. To qualify for benefit payment, the loss must occur within 90 days of the injury.

Schedule of Losses

For the Loss of	The Benefit Will Be
Life	The Principal Sum
Both hands or both feet	The Principal Sum
Both eyes	The Principal Sum
One hand and one foot	The Principal Sum
One hand and one eye	The Principal Sum
One foot and one eye	The Principal Sum
One hand OR one foot	One half The Principal Sum
One eye	One half The Principal Sum

The benefit for loss of life is payable to the Member's beneficiary in accordance with the Life Insurance section of this contract (item 12) and all other benefits are payable to the Member.

If more than one of the losses specified in the Schedule above is suffered as a result of one accident, payment will be made only for the loss for which the greatest benefit is specified.

18. Definition of Loss of Hand, Foot, or Eye:

Loss of a hand or foot will mean complete, permanent severance of such hand or foot at or above the wrist or ankle joint. Loss of an eye will mean the entire and irrevocable loss of sight of such eye.

19. Exclusions and Limitations:

Benefits will not be payable under this insurance for a loss resulting directly or indirectly, wholly or partly, from:

- a. willful self-injury or self-destruction, while sane or insane; or
- b. disease or the treatment of disease; or
- c. voluntary participation in an assault, strike, felony, insurrection, or riot; or
- d. participation in a military organization (except see Coverage for Individuals of the Idaho Army or Idaho Air National Guard (item 5.); or
- e. war or act of war; or
- f. the use of any drug, narcotic, or hallucinogen not prescribed for the Member by a Physician.

20. Dependent Life Insurance – Qualified Dependents Only:

Benefit: State Paid

Only Members from Eligible Classes A, B, C, and D are eligible for this coverage.

Insured Dependent	Amount of Dependent Life Insurance
Classes A, B, and C	
Member's Spouse	\$2,000
Member's children: 10 days but less than termination age	\$1,000
Class D Only	
Member's Spouse	\$1,000
Member's Children: 10 days But less than termination age	\$500

Subject to any proof of good health as may be required by the Company in the Eligibility and Termination of Insurance Section (Item 4), Dependent Insurance shall become effective for each Dependent of a Member on the later of the following dates: (a) the date on which the Member becomes eligible for Dependent Life Insurance; or (b) the date on which such individual becomes a Dependent, as defined in Item 1.

If a Dependent (other than a newborn child) is in a Period of Limited Activity on the date the Dependent Life Insurance would otherwise become effective for that Dependent, it will not become effective for that Dependent until the date the Period of Limited Activity ends.

A Member will be insured with respect to a newborn child on the date the child is 10 days old, if Dependent Life Insurance is then in force.

21. Change in Amount of Insurance:

Any change in insurance to which a Dependent is entitled under this contract, because of an amendment to this contract or of a change in insurance classification, will become effective on the date of such amendment or change or classification, provided that if a Dependent is in a Period of Limited Activity on the date of an increase in insurance would otherwise become effective until the date on which the Period of Limited Activity ceases.

22. Beneficiary Designation:

Payment of a Dependent Life Insurance Benefit hereunder on account of death of a Dependent shall be made to the Member. However, if the Member is not living on the date of death of such Dependent, any benefits payable under this contract upon the Dependent's death will be paid first to the surviving class of the following classes of successive beneficiaries. The Member's:

- a. the widow or widower;
- b. surviving children born to or legally adopted by the Dependent;
- c. surviving parents;
- d. surviving brothers and sisters;
- e. executor or administrators.

If any beneficiary dies either simultaneously with the Dependent, or within 15 days (but before the date the Company receives written proof of the Dependent's death) after the Dependent's death, the payment of benefits shall be made as if the Dependent survived such beneficiary, unless otherwise provided.

Upon receipt by the Company of notice and due proof that a Dependent's death occurred while insured under this contract, the Company will pay the beneficiary the Amount of Dependent Life Insurance in force on the date of death.

23. Termination of Dependent Life Insurance:

The Dependent Life Insurance of a Dependent will terminate on the earliest of the following dates:

- a. the date on which he/she ceases to be a Dependent as defined in Item 1; or
- b. the date on which he/she enters the military, naval or air forces of any country or international organization; or
- c. the date on which the Member's insurance terminates under this contract.

The Dependent Life Insurance for an unmarried child insured under this contract prior to the terminating age who is incapable of self-sustaining employment by reason of Developmental Disability or Physical Handicap and who become so incapacitated prior to the terminating age, and is chiefly dependent upon the Member for support and maintenance, will not terminate while the insurance of the Member remains in force under this contract and the Dependent remains in such condition, if the Member has, within 31 days of such Dependent's attainment of the termination age, submitted proof of such Dependent's incapacity and dependency, and submits such proof subsequently as may be required by the Company, but not more frequently than the annually after the Dependent's attainment of age 23.

24. Conversion:

If Dependent Life Insurance on a spouse terminates due to:

- a. the Member's death; or
- b. termination of the Member's employment or of membership in the Insurance Classes eligible for Dependent Life Insurance under this contract; or
- c. termination of the Dependent spouse's eligibility under this contract; or
- d. termination or amendment of this contract so as to exclude from eligibility for Dependent Life Insurance the Insurance Class of the Member, if such Dependent spouse has been so insured continuously for at least five years immediately prior thereto.

Such Dependent spouse shall be entitled to have issued, without proof of good health, an individual policy of life insurance without disability or other supplementary benefits, provided written application therefor and payment of the first premium is made by the Dependent spouse to the Company within 91 days following the date on which such Dependent Life Insurance ceases. Any such individual policy issued shall become effective on the 92nd day immediately following the termination date of Dependent Life Insurance, provided premium payment has been made within that 91 day period. The individual policy will be in lieu of all benefits provided under this insurance.

If the Dependent Life Insurance on a spouse terminates as outlined in a., b., or c., above, the Dependent spouse shall have the right to convert the Amount of Dependent Life Insurance in force as of the date of such termination less the amount of any life insurance purchased earlier under this contract.

If the Dependent Life Insurance on a spouse terminated as outlined in d. above, the Dependent spouse shall have the right to convert the smaller of:

- a. the amount of Dependent Life Insurance in force as of the date of such termination, less the amount of insurance for which the Dependent is or becomes eligible under any group life insurance policy issued or reinstated by the Company or any other insurer within 31 days after such termination; or
- b. \$2,000.

Any such individual policy issued as described in this section may be on any one of the forms, except term insurance, then customarily issued by the Company to the class of risk to which the Dependent spouse then belongs. The premium on the individual policy shall be at the Company's then customary rate applicable to the form and amount of the individual policy and to the age attained by the Dependent spouse on the effective date of the individual policy.

If a Dependent spouse's death occurs during the period within which the Dependent would have been entitled to have an individual policy issued in accordance with provisions of this section and before such policy shall have become effective, the amount of life insurance the Dependent would have been entitled to have issued under this insurance whether or not application for such individual policy of payment of the first premium therefor has been made.

25. Extension of Insurance:

A Member's Dependent Life Insurance shall be extended if the Member becomes Totally Disabled or Residually Disabled for the same period of time and under the same conditions and limitations as the Member's Life Insurance is so extended in accordance with the "EXTENSION OF INSURANCE" provision of the Life Insurance section of this contract (Item 14). However, any Dependent Life Insurance so extended shall not continue in force with respect to a Dependent beyond the date on which such insurance would otherwise terminate, in accordance with the section titled "TERMINATION OF DEPENDENT INSURANCE" in the preceding text (Item 23).

26. Short-Term Disability – Member Only:

Benefit: State Paid

This coverage is available only to Eligible Classes B and C.

Waiting Period	The Longer of: (a) 30 continuous days of Total Disability, or; (b) 30 continuous days of Residual Disability, or; (c) the expiration of the Member's accrued sick leave earned at the time of Total Disability or Residual Disability.
Maximum Benefit Period	26 continuous weeks following the date of Total Disability or Residual Disability, less the Waiting Period
Monthly Benefit Amount	60% of the Member's Monthly Salary.

27. Benefit Reductions:

- a. The Monthly Benefit Amount shall be reduced by the Other Income Sources as defined in Item 1.
- b. The Monthly Benefit Amount shall also be reduced to the extent that the sum of the Monthly Benefits Amount and Other Income Sources (as defined in Item 1) exceeds 70% of the Member's Monthly Salary.
- c. During Residual Disability, the benefit payable will be the Monthly Benefit Amount reduced by the Other Income Sources multiplied by the Income Loss Percentage, subject to the limits described in b. above.

28. Payment of Benefits:

Subject to the terms and limitations of this section, if a Member, while insured for Short-Term Disability Insurance becomes Totally Disabled or Residually Disabled (as defined in the Definitions Section, Item 1) and is under the regular and continuous care and attendance of a Physician, the Company will pay, following satisfaction of the Waiting Period, the Monthly Benefit Amount for the Member during the continuance of such Total Disability or Residual Disability. The Monthly Benefit Amount will not be payable for more than the Maximum Benefit Period for any one period of Total Disability or Residual Disability. The Monthly Benefit Amount payable for each day of any part of a Maximum Benefit Period that is less than a full month will be the Monthly Benefit Amount divided by 30.

The Waiting Period, Maximum Benefit Period and Monthly Benefit Amount are determined as of the date the Member becomes Totally Disabled or Residually Disabled.

29. Termination of Benefits

Short-Term Disability benefits terminate on the first to occur of:

- a. The date the Member is no longer Totally Disabled or Residually Disabled;
- b. The date the Member is earning at least 70% of the Member's Monthly Salary;
- c. The date the Member dies;
- d. The last day benefits are payable according to the Maximum Benefit Period in this section;

- e. The date the Member fails to provide written proof of Disability that we determine to be satisfactory;
- f. The date the Member ceases to be under the Regular and Appropriate Care of a Physician, or refuses to undergo an examination by a Physician or rehabilitation testing when we require such examination or testing;
- g. The date the Member refuses to receive medical treatment that is generally acknowledged by Physicians to cure or improve their condition so as to reduce its disabling effect, and that we have recommended.

30. Recurring Disability:

Successive periods of Total Disability or Residual Disability due to the same or related cause will be considered one period of Total Disability or Residual Disability unless separated by the Member's return to Active Status for a continuous period of at least 10 consecutive working days. Such period of Active Status within a period of Total Disability or Residual Disability shall not be counted as part of the Maximum Benefit Period. Return to work, as part of an approved rehabilitative program will not be considered a return to Active Status.

31. Rehabilitation:

The Company, at its own expense, shall have the right and opportunity to have Physicians or other persons designated by it, examine and evaluate the Member when and so often as it may reasonably require, to determine whether participation in a vocational or physical rehabilitation program may be appropriate.

If the Company determines that the Member may benefit from a vocational or physical rehabilitation program, the Company shall refer the Member to an appropriate rehabilitation organization for evaluation to determine whether the Member is an appropriate candidate for rehabilitation and/or retraining. If it is determined that the Member is an appropriate candidate for rehabilitation and/or retraining, a Written Rehabilitation Plan will be developed by the Company with the approval of the State of Idaho.

No benefits under this contract shall be extended or modified by a plan of rehabilitation without the express written consent of the State of Idaho.

32. Exclusions and Limitations:

Benefits will not be payable for any Total Disability or Residual Disability:

- a. that result from willful self-injury or self-destruction while sane or insane; or
- b. that results from voluntary participation in an assault, felony, insurrection, riot, or strike; or
- c. caused by war or an act of war; or
- d. that results from an injury arising out of or in the course of employment for wage or profit, except for employment with the State of Idaho.

33. Long-Term Disability Coverage – Member Only:

Benefit: State Paid

Claims made under the Long-Term Disability plan are insured by the Company until the end of the contract year following the contract year during which Total Disability or Residual Disability for which claim is made commenced. Claims extending beyond that point are self-funded by the State of Idaho and administered by the Company. A long-term disability claim will be governed by the provisions of this contract, whether the liability for said claim rests with the Company or the State of Idaho at a given point in time.

For claims extending into the self-funded portion of the Long-Term Disability plan, any action taken by the Company will be as directed by the State of Idaho.

Also for claims extending into the self-funded portion, while one of the functions of the Company is to process claims according to the provisions of this contract, all claims under the contract are paid by the State of Idaho and the State of Idaho owns the claim files. Therefore, the final decision on any disputed claim may involve review of these files by the State of Idaho.

Long Term Disability Coverage is available only to Eligible Classes B and C.

Waiting Period	The longer of (a) 26 continuous weeks of Total Disability or Residual Disability, or (b) the exhaustion of the Member's sick leave earned from the State of Idaho at the time of Total Disability or Residual Disability.
Maximum Benefit Period	For each Member who becomes Totally Disabled or Residually Disabled prior to age 70, benefits payable until the attainment of age 70. a. For each Member who becomes Totally Disabled or Residually Disabled between the ages of 70 and 75, benefits are payable until the earlier of (a) recovery or (b) twelve (12) months of benefit payments under this contract; b. For each Member who becomes Totally Disabled or Residually Disabled at age 75 or older, benefits are payable until the earlier of (a) recovery or (b) six (6) months of benefit payments under this contract.
Monthly Benefit Amount	60% of Monthly Salary or \$3000, whichever is less. The Monthly Benefit Amount is subject to reduction as indicated below.

If a Member who is in the process of satisfying the Waiting Period recovers from Total Disability or Residual Disability for a short period of time, and then again becomes Totally Disabled or Residually Disabled from the same or a related cause, the recovery will not interrupt satisfaction of the Waiting Period, provided recovery does not last longer than 10 consecutive working days. The period of recovery will not count toward satisfaction of the Waiting Period.

The Monthly Benefit Amount payable for each day of any part of a Maximum Benefit Period that is less than a full month will be the Monthly Benefit Amount divided by 30.

34. Benefit Reductions:

- a. The Monthly Benefit Amount shall be reduced by the Other Income Sources as defined in Item 1.
- b. The Monthly Benefit Amount shall also be reduced to the extent that the sum of the Monthly Benefit Amount and Other Income Sources (as defined in Item 1) exceeds 70% of the Member's Monthly Salary.
- c. During Residual Disability, the benefit payable will be the Monthly Benefit Amount reduced by the Other Income Sources multiplied by the Income Loss Percentage, subject to the limits described in b. above.

When a monthly payment is less than \$25.00 the frequency of payment shall be changed to the periodic payment intervals of every other month, quarterly, semi-annually, or annually, based on the discretion of the Company.

Any Other Income Sources shall be deemed received by the Member even though determination of such other benefits or income may not have been completed, where it is reasonable to believe that the Member would be eligible for such other benefits or income.

The anticipated eligibility of Social Security benefits will not be considered if the Member follows the following guidelines:

If it is reasonable that the Member would be entitled to disability benefits under the Federal Social Security Act, the Company will require the Member to:

- i. apply for Social Security benefits within 30 days after receipt of written notice from the Company requesting the Member to apply for such benefits; and
- ii. give satisfactory proof within 45 days after receipt of the Company's notice that the Member has applied for these benefits within the 30 day period; and
- iii. if the original application is denied, request reconsideration of the application for Social Security benefits, within 60 days from the date of the denial letter from the Social Security Administration; and
- iv. give satisfactory proof within 75 days from the date of the denial letter from the Social Security Administration that the Member has requested a reconsideration within the 60 day period; and
- v. if the reconsideration of the application is denied, request an appeal within 60 days of the date of the reconsideration denial letter from the Social Security Administration; and
- vi. give satisfactory proof within 75 days from the date of the reconsideration denial letter from the Social Security Administration that the Member has requested an appeal within the 60 day period; and
- vii. an agreement, signed by the Member, that will reimburse the Company for excess benefits received if Social Security benefits are subsequently awarded in connection with the Total Disability or Residual Disability. The amount of such reimbursement may be reduced by the attorney fees incurred by the Member to obtain the Social Security benefits.

With regard to any Other Income Sources, such anticipated eligibility will not be assumed only if the Company has received satisfactory evidence of failure to qualify for such benefits or income. If at any time it is determined that Other Income Sources used to compute Long Term Disability Benefits are incorrect, the Company will have the option to:

- a. reduce future benefits payable by the full amount of the excess payment; or
- b. recover the excess payment from the Member; or
- c. take any other legal action.

35. Payment of Benefits:

Subject to the terms and limitations expressed in this section, if a Member, while covered under this contract, becomes Totally Disabled or Residually Disabled while this coverage is in force, the Company will pay, following the Member's completion of the Waiting Period, the Monthly Benefit Amount during the period of Total Disability, Residual Disability or the Maximum Benefit Period, whichever is shorter.

The Waiting Period, Maximum Benefit Period and the Monthly Benefit Amount are determined as of the date the Member becomes Totally Disabled or Residually Disabled.

In the event that a Member refuses to participate in the rehabilitation program, refuses to release pertinent information or refuses in any way to cooperate with regard to this program, benefits may be terminated.

36. Termination of Benefits

Disability benefits terminate on the first to occur of:

- a. The date the Member is no longer Totally Disabled or Residually Disabled;
- b. The date the Member is earning at least 70% of the Member's Monthly Salary;
- c. The date the Member dies;
- d. The last day benefits are payable according to the Maximum Benefit Period in this section;
- e. The date the Member fails to provide written proof of Disability that we determine to be satisfactory;
- f. The date the Member ceases to be under the Regular and Appropriate Care of a Physician, or refuses to undergo an examination by a Physician or rehabilitation testing when we require such examination or testing;
- g. The date the Member refuses to receive medical treatment that is generally acknowledged by Physicians to cure or improve their condition so as to reduce its disabling effect, and that we have recommended;
- h. With respect to the first 24 months the Member is receiving Monthly Benefits, the date the Member refuses to try or attempt to work with the assistance of:
 - i. modifications made to the Member's work environment, functional job elements or work schedule; or
 - ii. adaptive equipment or devices,

that a qualified Physician has indicated will accommodate the limiting factors of the Member's identified medical condition, and enable the Member to perform the Essential

Functions of the Member's Regular Occupation or Reasonable Employment Option; or with respect to the period after the Member has received 24 months of Monthly Benefits, the date the Member refuses to try or attempt to work with the assistance of:

- i. modifications made to the Member's work environment, functional job elements or work schedule; or
- ii. adaptive equipment or devices,

that a qualified Physician has indicated will accommodate the limiting factors of the Member's identified medical condition, and enable the Member to perform the Essential Functions of any occupation for which the Member is or may reasonably become qualified based on education, training or experience.

37. Recurring Disability:

Successive periods of Total Disability or Residual Disability due to same or related cause will be considered one period of Total Disability or Residual Disability unless separated by the Member's return to Active Status for a continuous period of at least six (6) consecutive months. Such period of Active Status within a period of Total Disability or Residual Disability shall not be counted as part of the Maximum Benefit Period. Return to work as part of an approved rehabilitation program will not be considered a return to Active Status.

38. Limitations for Special Conditions:

If Total Disability or Residual Disability is due to a Special Condition as defined in item 1, and the Maximum Benefit Period applicable to the Member exceeds two (2) years, the Monthly Benefit Amount will be payable only for the first two (2) years of that Maximum Benefit Period. However, if at the end of that two (2) year period, the Member is:

- a. enrolled in an alcoholism or drug abuse treatment program approved by the Company; or
- b. confined in a licensed Hospital or other institution qualified to provide care and treatment incidental to such Total Disability or Residual Disability;

except that the Monthly Benefit Amount will be paid so long as the Member is participating in the treatment program or remains confined.

Confinement in a sanitarium operated by or certified by the First Church of Christ Scientist, Boston, Massachusetts shall be considered to be Hospital confinement.

39. Rehabilitation:

The Company, at its own expense, shall have the right and opportunity to have Physicians or other persons designated by it, examine and evaluate the Member when and so often as it may reasonably require, to determine whether participation in a vocational or physical rehabilitation program may be appropriate.

If the Company determines that the Member may benefit from a vocational or physical rehabilitation program, the Company shall refer the Member to an appropriate rehabilitation organization for evaluation to determine whether the Member is an appropriate candidate for rehabilitation and/or retraining. If it is determined that the Member is an appropriate candidate for rehabilitation and/or retraining, a Written Rehabilitation Plan will be developed by the Company with the approval of the State of Idaho.

No benefits under this contract shall be extended or modified by a plan of rehabilitation without the express written consent of the State of Idaho.

40. Preexisting Conditions Exclusion

A Preexisting Condition is any sickness, injury, Mental Health Condition, or drug or alcohol condition for which a Member:

- a. received medical treatment, consultation, care or services; or
- b. was prescribe or took prescription medications; or
- c. had symptoms or conditions which would cause a reasonably prudent person to seek diagnosis, care or treatment;

in the three-month period prior to the effective date of the Member's coverage hereunder.

No benefits will be paid for a Disability that results from a Preexisting Condition unless, on the date the Member becomes Disabled, he has been continuously covered by this contract's Long Term Disability Coverage for 12 months.

41. Exclusions and Limitations:

Benefits will not be payable for any Total Disability or Residual Disability:

- a. that results from willful self-injury or self-destruction while sane or insane; or
- b. that results from voluntary participation in an assault, felony, insurrection, riot, or strike; or
- c. caused by war or an act of war; or
- d. that results from an injury arising out of or in the course of employment for wage or profit except for employment with the State of Idaho; or
- e. that is subject to the Preexisting Conditions Exclusions as described in section 38.

Notwithstanding anything to the contrary in the foregoing item (e), benefits will be payable under the coverage for any Total Disability or Residual Disability of a Member existing on the effective date of the Member's coverage, provided that (i) on the day immediately preceding the effective date of coverage under this contract, such Member was covered for like coverage under any other group policy issued by any insurer (ii) benefits for such Total Disability or Residual Disability would have been payable under such group policy.

42. Rehabilitative Employment Limitations:

Benefits will not be payable under this contract once the Member has engaged in Rehabilitative Employment for a period of 24 months. This provision is subject to any and all of the provisions included within this contract.

43. Reasonable Accommodation Benefit:

a. Definition of Reasonable Accommodation

Changes in a Member's work environment or in the way a job is performed which allow the Member to perform the essential functions of his or her job.

b. Eligibility

Subject to all other contract provisions, the State of Idaho will be eligible for this benefit provided:

- i. the Member has satisfied the benefit qualifications as stated in this contract; and
- ii. the Member is dependent upon the State of Idaho to make Reasonable Accommodation in order to return to work for the State of Idaho; and
- iii. the State of Idaho receives approval from the Company of the Reasonable Accommodation and the expenses which will qualify for reimbursement.

c. Accommodation Expenses Benefit

The Company will reimburse the State of Idaho for Reasonable Accommodation expenses incurred up to a maximum of \$2,000 per maximum benefit period provided the Member returns to work for the State of Idaho.

GENERAL PROVISIONS

44. When and How Claims are Paid:

Benefits payable under this contract for any loss other than the loss for which the contract provides periodic payments will be paid as they accrue immediately upon receipt of due written proof of such loss. Subject to due written proof of loss, all accrued benefits for loss which this contract provides periodic payment will be paid no less frequently than monthly and any balance remaining upon termination of the period of liability will be paid immediately upon receipt of due proof.

Benefits for loss of life will be payable in accordance with other portions of this contract. Any other accrued benefits unpaid at the covered person's death may, at the option of the Company be paid either to the person or persons so determined or to such covered person's estate. All other benefits will be payable to the Member.

The Company at its own expense shall have the right and opportunity to examine the person of any individual whose injury or sickness is the basis of claim when and as often as it may reasonably require during the pendency of a claim hereunder, and to make an autopsy in the case of death, where it is not forbidden by law.

45. Workers Compensation:

This contract is not in lieu of, and does not affect any requirement for coverage under Workers' Compensation Insurance.

46. Contract Incontestability:

After this contract has been in force two years, the Company may not contest its validity except for nonpayment of premium.

47. Individual Incontestability and Misstatement of Age:

All statements made by any individual insured under this contract will be representations and not warranties. These statements may not be used to contest an insured person's insurance unless:

- a. the insurance has been in force for less than two years during the insured's lifetime; and
- b. the statement is in written form signed by the insured person; and
- c. a copy of the form which contains the statement is given to the insured or the insured's beneficiary at the time insurance is contested.

However, these provisions will not preclude the assertion of any time of defenses based upon the person's ineligibility for insurance under this contract or upon other provisions of this contract.

In addition, if an individual's age is misstated, the Company may at any time adjust premium and benefits to reflect the correct age.

48. Information to be Furnished:

The State of Idaho must, upon request, give the Company all information needed to administer this contract. If a clerical error is found in this information, the Company may at any time adjust premium to reflect the facts. An error will not invalidate the insurance that would otherwise be in force. Neither will an error continue insurance that would otherwise be terminated.

The Company may inspect, at any reasonable time, all State of Idaho records which relate to this contract.

49. Assignments:

Only assignments of Employee Life Insurance will be allowed under this contract and then only if:

- a. they are not collateral assignments or assignments for consideration; and
- b. they are consented to in writing by the Company and the State of Idaho

The Company will assume no responsibility for the validity or effect of any assignment.

50. Experience Premium Refunds

The Company will determine the Experience Premium Refunds, if any, as of each Plan Anniversary. If premiums due before the Plan Anniversary and for the next following month have been paid, any such Experience Premium Refund will be:

- a. paid in cash to the State of Idaho; or
- b. used to pay future premiums, if the State of Idaho directs in writing.

The Company will complete the annual experience refund calculation on or before November 1 of each year.

If at any time total Experience Premium Refunds for all years to date exceed the State of Idaho's premium contributions and expenses for those years, the excess must be used for the sole benefit of the insured Members.

Effective July 1, 1995, the recorded claims included in the annual experience premium refund calculation will be determined as follows:

Claims paid during the July 1st through June 30th policy year plus claims paid during the 60-day time period following the policy year, if incurred prior to the end of the policy year (current lag) less claims paid during the 60-day time period at the beginning of the policy year if incurred prior to the beginning of the policy year (prior lag).

51. Premium Stabilization Reserves:

The Company will establish from premiums paid by the State of Idaho, a special reserve for each contract of this class, to be used to stabilize the financial experience of these contracts on an ongoing basis. The premium stabilization reserve is established only from premium in excess of total charges in a contract year, and in accordance with predetermined formulae applicable to all contracts of this class. Deductions from the reserve occur when the total charges for the contract exceed total premium for that contract in a contract year.

Total charges each year include, but are not limited to, charges by the State of Idaho for assumption of the insurance risk associated with all contracts of this class. Such risk charges are based on the predictability of experience and reflect the availability of premium stabilization reserves as an offset to claim fluctuation.

52. Payment Responsibility; Due Dates; Grace Period:

The State of Idaho is responsible for payment of all premiums due while this contract is in force. Payments shall be sent to the Company's home office in Des Moines, Iowa.

The first premium is due on July 1, 1995. Each premium thereafter will be due on the first of each calendar month. Except for the first premium, payment must be made within 75 days after a due date. The first 75-day period following a due date is called the Grace period. Unless the contract has been terminated by notice as described in Item 54, insurance will remain in force until the end of the Grace Period.

53. Premium Rate Changes:

The Company may change a premium rate:

- a. on any premium due date, if the rate has then been in force 12 months or more and if written notice is given to the State of Idaho at least 120 days before the date of change; and
- b. on any date that a schedule of insurance or class of Members is changed; and
- c. with respect to Employee Life Insurance, on any Plan Anniversary, if the average age, average amount of Life Insurance, or the male/female distribution for then Member has changed since the last Plan Anniversary; and
- d. with respect to Short Term Disability Insurance and Long Term Disability Coverage, on any Plan Anniversary, if the average amount of Monthly Salary for Members has increased or decreased by more than 25% since the last Plan Anniversary.

54. Premium Amount:

The amount of premium to be paid on each due date will be determined in these ways:

- a. Employee Life Insurance – Basic
The total certified payroll multiplied by the premium rate then in effect.
- b. Employee Life Insurance – Supplemental
The total volume of insurance in force for the Member in each age bracket will be divided by 1,000. Each result will then be multiplied by the premium rate then in effect for that age bracket.
- c. Accident Death and Dismemberment Insurance
The total certified payroll multiplied by the premium rate then in effect.
- d. Dependent Life Insurance
The total certified payroll multiplied by the premium rate then in effect.
- e. Short-Term Disability Insurance – The total certified payroll multiplied by the premium rate then in effect.
- f. Long-Term Disability Insurance – The total certified payroll multiplied by the premium rate then in effect.

If a Member is added or a present Member's insurance is increased or terminated on other than the first of a calendar month, premium for that Member will be adjusted and applied as if the change were to take place on the first of the next following calendar month.

55. Policy Termination

This contract will terminate at the end of a Grace Period if total premium due has not been received by the Company within 75 days after a due date. If termination occurs, the State of Idaho must pay all premium due through the Grace Period.

This contract will terminate on the day before any Plan Anniversary if the Company gives written notice to the State of Idaho at least 120 days before that Plan Anniversary.

This contract will be terminated on the day before a premium due date if the Company receives a written notice from the State of Idaho before that premium due date.

If this contract terminates for any reason, the State of Idaho must:

- a. advise all Members of the date of termination; and
- b. refund of otherwise account for all employee contributions not used to pay premiums.

56. Future of Contract:

It is expected that this contract will be continued indefinitely. However, the Group does have the right to change or terminate the contract at any time.

57. Certificates:

The Company will give the State of Idaho certificates for delivery to insured Members. The certificates will be evidence of insurance and will describe the basic features of the benefit plans. This contract will be considered as such.